

**Value added tax (VAT)** is a tax charged on supplies of goods and services made by a taxable person in the course or furtherance of a business.

**VAT Rate** is the percentage charged on taxable supplies. There might be standard and reduced rates. The standard rate in Bulgaria is 20%. The reduced rate at 7% applies to tourist services only.

**Taxable person** is any person (i.e. sole prop, partnership, limited company, etc) who is registered or liable to be registered for VAT because they make taxable supplies over the VAT registration limit specific for each country. In Bulgaria the minimum threshold is 50000 BGN (appr. 25565 EUR).

**VAT Registration** is an identification of a taxable person for VAT purposes. It might be mandatory at reaching the minimum threshold, voluntary or specific (i.e. for EC-Supplies, Distance selling, etc.).

**Supplies** are anything done or given in return for a consideration, i.e. sales of goods and services or barter transactions.

**Outputs** are supplies made i.e. sales of goods or services.

**Output VAT** is a tax on taxable supplies made.

**Inputs** are supplies received i.e. purchases and expenses.

**Input VAT** is tax on taxable supplies made.

**Taxable supplies** are those supplies which are liable to VAT at any rate, i.e. 20%, 7% or 0%.

**Exempt supplies** are supplies that are not taxable and are listed in the legislation as exempt from VAT.

**Exempt input tax** is input tax on the cost of goods and services used to make exempt supplies

**Partial exemption** applies when a business incurs VAT on inputs that are used to make both taxable and exempt supplies.

**VAT Return** is a report given to the relevant authorities on regular basis (monthly, quarterly, annually) providing information on Input and Output VAT. In Bulgaria taxable persons submit monthly VAT returns.

**VAT Refund** is reimbursement of VAT paid abroad for goods and services used for your local business.

**Intrastat** is a system that follows information on Intra-Community trade with goods. In the event of EC movements of goods, submitting of Intrastat returns is compulsory under the relevant VAT number.

**EC Acquisitions** are arrivals of goods from another EU-Member State.

**EC Dispatches** are supplies of goods to another EU-Member State.

### Cross-border VAT Recovery

No matter what size your company is or what your business is, you have the right to claim back VAT paid for goods and services abroad. We will give you the opportunity to do it most cost-effectively. The steps are as follows:

- You contact us for a detailed discussion on your case
- You send us all purchase invoices in original to our office or our well-trained staff visit you on site and extract only those invoices that are VAT claimable
- We prepare the claim and all necessary supplementary documentation
- We submit the claim in due course
- You receive your money back

Due to our experience we could predict your first 5 questions and here are the answers:

#1 How long does it take until I get my money back?

There is a maximum time-limit set in the European legislation that is 6 months. Our experience is that in some countries it happens in 2 months time, in others in 12.

#2 How much it will cost me?

Our fee is success-based. If you do not get your money back, you will not pay any commission. Our price structure is flexible and itemized; it depends on the VAT amount as well as the volume and nature of your cross-border expenses. It is calculated individually case by case.

#3 How many times per year may I claim VAT back?

You are allowed to submit quarterly and annual claims. Please contact us to discuss the most suitable time frames for you.

#4 Are retrospective VAT refunds available?

In most of the countries VAT reimbursement is possible for the previous financial year only. Belgium and the Netherlands allow submitting retrospective claims if this is your first application for VAT refund.

#5 Is there a deadline for submitting VAT refund claims?

Yes. It depends whether the claims are quarterly or annually. If you submit one claim a year, it should not be sent later than 30<sup>th</sup> of June of the following year for the majority of the countries.

## Fiscal Representation

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In Bulgaria it is mandatory to appoint a fiscal representative if your company is going to or already sells goods and services there. To be registered for VAT purposes in short time and get the most efficient account management you need to go through the following stages:

- You contact us for a detailed discussion on your case
- You send us all requested documents certified by Notary Public
- We undertake the translation and legalization of all documents
- We will prepare and submit the claim for VAT number in due course
- You are VAT registered
- You send us copies of all sales and purchase invoices and all supplementary documentation on monthly basis
- We prepare and submit the necessary Intrastat and VAT returns
- We handle all tax authorities queries in your name and on your behalf in regards with Intrastat and VAT refunds

Due to our experience we could predict your first 5 questions and here are the answers:

#1 How long does it take until I get VAT number?

It depends on the Member State legislation. In most of the countries in 20 working days you will be able to charge local VAT on your sales invoices.

#2 How much it will cost me?

Our price structure is flexible and very individual. Depending on your needs and specific case we could offer you an hourly-based rate or a commission based on the volume of documents.

#3 How many times per year shall I submit VAT returns?

In most of the countries monthly VAT returns are applicable. Nevertheless, quarterly and annually returns might be submitted as well. Our well educated staff will provide you with more information on your case.

#4 Is retrospective VAT registration available?

In some countries VAT registration might be done retrospectively. However, in the majority of Member States identification for VAT purposes is on ongoing basis.

#5 Is there a deadline for submitting VAT returns?

Yes, but it is different in each country. Our capable staff will give you coherent instructions on the specific procedures to avoid any delay and penalties.